



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 30, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

USE OF ADDITIONAL FISCAL YEAR 2013-14 GENERAL FUND, HOSPITAL ENTERPRISE AND SPECIAL FUNDS/DISTRICTS' FUND BALANCE IN FISCAL YEAR 2014-15 COUNTY BUDGET (ALL DISTRICTS) (3 AND 4 VOTES)

SUBJECT

This Supplemental Budget request reflects the Chief Executive Officer's recommended changes to the 2014-15 Adopted Budget, which was adopted by the Board on June 23, 2014. Approval of these recommendations, along with any approved motion(s), will result in the adoption of the 2014-15 Final County Budget.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the attached recommended changes and corresponding appropriation adjustments (Budget Adjustment No. 1 - 210) to the Fiscal Year 2014-15 General County Budget (Attachment A). These changes transfer \$367,969,000 from the Appropriation for Contingencies to various budgets; increase appropriation that is fully offset by revenue; and transfer appropriation from one budget unit to another or redirect existing appropriation or revenue as a result of ministerial changes. (3 AND 4 VOTES)
2. Approve the attached recommended changes and corresponding appropriation adjustments (Budget Adjustment No. 211 - 275) to the Fiscal Year 2014-15 Special Funds/Special Districts Budgets, which are fully offset with various financing sources (Attachment A). (3 AND 4 VOTES)

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

3. Authorize the Chief Executive Officer to approve the temporary transfer of positions among the Department of Health Services' (DHS) General Fund and Enterprise Fund Hospital budget units and related staffing ordinances, as long as the receiving budget unit has sufficient appropriation authority to fund the position(s) without increasing the overall appropriations of the budget unit through June 30, 2015. (3 VOTES)
4. Approve the transfer of responsibility for the administration of Landscape and Lighting Act District Numbers 1, 2, and 4, and Bella Vista Recreation and Park District (totaling 51 Special District Zones) listed on Attachment B from the Director of Parks and Recreation to the Director of Public Works and authorize the Director of Public Works to carry out the responsibilities for these Districts under the supervision and direction of this Board pursuant to the Landscape and Lighting Act of 1972, the Recreation and Park District Law, and any other applicable law, including authorization for the Director of Public Works to carry out all responsibilities and to perform all acts that this Board previously delegated to the Director of Parks and Recreation for such Districts. (3 VOTES)
5. Delegate authority to the Director of Public Works to amend Landscape Maintenance Service Contracts listed on Attachment C as necessary to effectuate the change in responsibility for administration of Districts from the Director of Parks and Recreation to the Director of Public Works, and to enter into any amendments or extensions to the extent previously delegated to the Director of Parks and Recreation. (3 VOTES)
6. Authorize the County Librarian to execute a funding agreement with the Los Angeles County Library Foundation to match grant funds with the Friends Matching Grant, in the amount of \$110,000. (3 VOTES)
7. Authorize the Chief Executive Officer to execute funding agreements totaling \$51,651,615 with Affordable Living for the Aging for rehabilitation and related expenses for the El Greco Apartments Renovation Project, Phase I, in Los Angeles; California Community Foundation to support the Eastside Arts Initiative; California State Parks for preliminary site study expenses, including the environmental review for the Ronald Reagan Equestrian Campground at Malibu Creek State Park; The Center at Blessed Sacrament for related project expenses for the Facility Renovations Project in Hollywood; CLARE Foundation for the renovation and related expenses for the 1871 9th Street Residential Alcohol and Drug Treatment Center in Santa Monica; Community Development Commission to supplement funding for the Community Development Block Grant debt service at the San Fernando Pool, to fulfill the shortfall for the improvements at Campanella Park in Compton, to supplement the operations costs for the Community Resource Center in Whittier, and to contribute to the funds for capital needs at the Long Beach Aquarium in Long Beach; East Los Angeles

Community Corporation to fund critical repairs at La Casa del Mexicano; Ford Theatre Foundation for the Ford Theatre Major Renovations project and related improvements; Jovenes, Inc. for the rehabilitation and purchase of a building for permanent supportive housing for transitional age youth in East Los Angeles; LA Plaza de Cultura y Artes Foundation for programs and walkway improvements at the LA Plaza de Cultura y Artes; Los Angeles Conservancy to support the application for a historic landmark/national register for the Chicano Moratorium Trail at Ruben F. Salazar Park; LAC+USC Medical Center Foundation to support programs at the Wellness Center at the Historic General Hospital; Mountains Recreation and Conservation Authority for the planning, construction and development of the Mission Canyon Trail Project, and the bikeway installation and related expenses at the Pacoima Wash Bikeway Project; Ocean Park Community Center for the Homeless Facility renovations, and other Permanent Supportive Housing programs, services, and clinical expenses in Santa Monica; Pathways LA for the build out of the resource room and furnishings/equipment at the all abilities resource room at the Pathways Child Development Center; Proyecto Pastoral at Dolores Mission to provide emergency housing for elderly homeless women; The River Project for design, fabrication and installation of interpretive panels, and related expense for the Valley Heart Greenway Project; Santa Clarita Valley Committee on Aging for costs associated with the refurbishment of the Santa Clarita Valley Senior Center; Shelter partnership for a general contribution for the Shelter Partnership Resource Bank; Special Olympics to support programs and games; and Volunteers of America LA to provide enhanced outreach services. (3 VOTES)

8. Authorize the Director of Parks and Recreation to execute a funding agreement with the Mountains Recreation and Conservation Authority (MRCA) for maintenance, servicing and related expenses for areas acquired for park and open space in the Santa Monica Mountains and Wilacre Park, in the amount of \$1,053,281. (3 VOTES)

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Supplemental Budget Recommendations

The actions recommended are necessary to budget the actual Fiscal Year (FY) 2013-14 fund balances and the use of additional one-time funds, to further refine the estimates contained in the FY 2014-15 Adopted Budget, to provide sufficient appropriation to implement programs or changes in revenues, or to make miscellaneous adjustments to various funds. These adjustments could not be made prior to adoption of the FY 2014-15 budget since the actual FY 2013-14 fund balances and funds to be carried over to FY 2014-15 were not known at that time.

Department of Health Services Staffing Ordinance

DHS is currently comprised of various General Fund and Enterprise Fund budget units and each maintains its own budget and staffing ordinance. The challenge of this structure is that DHS must go through an extensive administrative process in order to move staff between budget units as they have separate staffing ordinances in the County Code. This lack of flexibility creates barriers as staffing resources cannot be shifted to address emergent needs between budget units/facilities. As a result, costly registry staff is often utilized as a mechanism to quickly bring on requisite staffing resources.

The recommended action would delegate to the CEO the authority to approve the temporary transfer of positions between DHS budget units, without increasing the overall appropriation, so that DHS may operate as a cohesive system of care for purposes of staffing by allowing loan/borrow ordinance flexibility. This action is critical to meet the service and operational demands of health care reform. The proposed action will be recommended annually on an as-needed basis.

Landscape Maintenance Districts (Special Districts)

The FY 2014-15 Supplemental Budget reflects the transfer of all administration and operations of Landscape Maintenance Districts (LMD) 1, 2 and 4, and Bella Vista Recreation and Park District (Bella Vista) (totaling 51 Special District Zones) from the Department of Parks and Recreation (DPR) to the Department of Public Works (DPW). Collectively, the LMDs are also known as Special Districts (SD).

With the exception of Bella Vista, the SD's collect special assessments from property owners pursuant to the "Landscape and Lighting Districts Act of 1972" (Act), Streets and Highways Code Section 22500, et seq, in exchange for providing landscaping and related services. Bella Vista receives a share of ad valorem property tax revenues. DPR currently administers the SDs. Transferring the administration of the SDs from DPR to DPW will benefit SD stakeholders (property owners, developers and other County Departments) since DPW has more experience and resources for managing various types of districts, while DPR specializes in park operations and recreational services. Moreover, DPW already manages a number of street lighting districts pursuant to the Act, and the stakeholders will benefit from a single department managing both landscaping and lighting of districts, rather than splitting these districts between two departments. The transfer will be effective upon approval of the FY 2014-15 Supplemental Budget. There will be no layoffs or reductions resulting from the transfer.

Funding Agreements

Approval of the recommended action will authorize the County Librarian to execute a funding agreement with the Los Angeles County Library Foundation to match grant funds with the Friends Matching Grant, in the amount of \$110,000.

Approval of the recommended action will authorize the Chief Executive Officer to execute funding agreements totaling \$43,651,615 with the following organizations:

1. Affordable Living for the Aging for rehabilitation and related expenses for the El Greco Apartments Renovation Project, Phase I, in Los Angeles, in the amount of \$500,000;
2. California Community Foundation to support the Eastside Arts Initiative, in the amount of \$8,000,000;
3. California State Parks for preliminary site study expenses, including the environmental review for the Ronald Reagan Equestrian Campground at Malibu Creek State Park, in the amount of \$139,000;
4. The Center at Blessed Sacrament for related project expenses for the Facility Renovations Project in Hollywood, in the amount of \$300,000;
5. CLARE Foundation for the renovation and related expenses for the 1871 9th Street Residential Alcohol and Drug Treatment Center in Santa Monica, in the amount of \$50,000;
6. Community Development Commission to supplement funding for the Community Development Block Grant debt service at the San Fernando Pool, in the amount of \$676,865; to fulfill the funding shortfall for the improvements at Campanella Park in Compton, in the amount of \$415,000; to supplement the operations costs for the Community Resource Center in Whittier, in the amount of \$600,000; and to contribute to the funds for capital needs at the Long Beach Aquarium in Long Beach, in the amount of \$150,000;
7. East Los Angeles Community Corporation to fund critical repairs at La Casa del Mexicano, in the amount of \$200,000;
8. Ford Theatre Foundation for the Ford Theatre Major Renovations project and related improvements, in the amount of \$28,552,750;
9. Jovenes, Inc. for the rehabilitation and purchase of a building for permanent supportive housing for transitional age youth in East Los Angeles, in the amount of \$200,000;
10. LA Plaza de Cultura y Artes Foundation for programs and walkway improvements at the LA Plaza de Cultura y Artes, in the amount of \$4,000,000;
11. Los Angeles Conservancy to support the application for a historic landmark/national register for the Chicano Moratorium Trail at Ruben F. Salazar Park, in the amount of \$30,000;
12. LAC+USC Medical Center Foundation to support programs at the Wellness Center at the Historic General Hospital, in the amount of \$2,000,000;

13. Mountains Recreation and Conservation Authority (MRCA) for the planning, construction and development of the Mission Canyon Trail Project, in the amount of \$1,200,000, and the bikeway installation and related expenses at the Pacoima Wash Bikeway Project, in the amount of \$28,000;
14. Ocean Park Community Center for the Homeless Facility renovations, and other Permanent Supportive Housing programs, services, and clinical expenses in Santa Monica, in the amount of \$318,500;
15. Pathways LA for the build out of the resource room and furnishings/equipment at the all abilities resource room at the Pathways Child Development Center, in the amount of \$28,500;
16. Proyecto Pastoral at Dolores Mission to provide emergency housing for elderly homeless women, in the amount of \$160,000;
17. The River Project for design, fabrication and installation of interpretive panels, and related expenses for the Valley Heart Greenway Project, in the amount of \$27,000;
18. Santa Clarita Valley Committee on Aging for costs associated with the refurbishment of the Santa Clarita Valley Senior Center, in the amount of \$2,546,000;
19. Shelter Partnership for a general contribution for the Shelter Partnership Resource Bank, in the amount of \$5,000;
20. Special Olympics to support programs and games, in the amount of \$1,500,000; and
21. Volunteers of America LA to provide enhanced outreach services, in the amount of \$25,000.

Approval of the recommended action will authorize the Director of Parks and Recreation to execute a funding agreement with the MRCA for maintenance, servicing and related expenses for areas acquired for park and open space in the Santa Monica Mountains, in the amount of \$930,281, and Wilacre Park, in the amount of \$123,000, totaling \$1,053,281.

Implementation of Strategic Plan Goals

These actions support the County's Strategic Plan Goals, which include Operational Effectiveness, Fiscal Sustainability and Integrated Service Delivery to County constituents.

FISCAL IMPACT/FINANCING

GENERAL FUND/HOSPITAL ENTERPRISE FUNDS

The FY 2013-14 General Fund Budget ended the year with a \$1.566 billion fund balance, of which \$1.198 billion was already approved as fund balance in the FY 2014-15 Adopted Budget. This leaves the General Fund with an additional fund balance of \$368.0 million. In a separate action, the Auditor-Controller will allocate the

\$368.0 million to the Appropriation for Contingencies. A portion (\$213.1 million) of these funds are carried over funds from FY 2013-14 for projects and programs not yet completed and that were not included in the FY 2014-15 Adopted Budget (Carryover Fund Balance). In addition, we are recommending that the remaining balance (\$154.9 million) be made available for one-time use (Available Fund Balance). It is important to note that these funds represent one-time savings that should not be used for programs or services that require ongoing funding.

The additional fund balance was achieved through the County's fiscal discipline under the leadership of the Board and County managers. The Board's long-standing conservative budget practices and our strong compliance to fiscal policies continue to guide us through the sluggish economic recovery. It is very important to note that we finished the fiscal year with a positive fund balance and our operating budget is now balanced and stabilized. Given the challenges caused by the recent recession, and the slow economic recovery, this is a very significant achievement. However, looking forward the County still faces significant budgetary challenges and uncertainties. Chiefly among them is the impact that health care reform (Affordable Care Act) will have on the County's health care system, the implementation of the Department of Justice recommendations on mental health issues in the County jail system, unfunded liabilities for retiree healthcare benefits, and addressing significant deferred maintenance and capital improvement needs. In addition, the County utilized ongoing departmental budget curtailments to help achieve a balanced budget during the budget crisis, while at the same time absorbing certain employee benefit cost increases. As a result, some departments have structural deficits caused by several years of curtailments and cost absorptions. Although we have restored some critical curtailments, consideration should be given in the future to strategically restoring some of the remaining curtailments and addressing structural deficits as locally generated revenues increase.

Carryover Fund Balance

As referenced above, we are recommending that \$213.1 million in Carryover Fund Balance be incorporated into the FY 2014-15 Final Adopted Budget. Adjustments financed with fund balance are one-time in nature. Listed below are some of the major recommendations.

- **Capital Projects** - A net increase of \$25.3 million in carryover adjustments to various capital projects to account for lower than anticipated expenditures in FY 2013-14, and the transfer of funds from departmental operating budgets to fully fund a variety of projects, including Probation Department for the purchase and installation of modular buildings, refurbishment and improvement projects at Camps Miller, Munz, and Mendenhall.
- **Extraordinary Maintenance** - A net increase of \$13.0 million in carryover adjustments to account for lower than anticipated expenditures in FY 2013-14.

- **Project and Facility Development** - A net increase of \$0.1 million in carryover adjustments to account for lower than anticipated expenditures in FY 2013-14.
- **Public Works** - Reflects an additional carryover of \$8.8 million primarily for unincorporated County road and community projects.
- **Homeless and Housing** - Reflects the additional carryover of \$5.1 million in unspent homeless and housing program funding.
- **Katie A. Settlement** - Reflects \$11.5 million in unspent funding related to the Board-approved Katie A. Settlement Agreement Corrective Action Plan. The funding will be set aside in the Provisional Financing Uses budget to be reinvested in the Departments of Children and Family Services (DCFS) and Mental Health to offset future year program costs under the Katie A. Settlement.
- **Children and Family Services Title IV-E Waiver** – Reflects a total of \$45.7 million in unspent Title IV-E Waiver funding that will be set aside in the Provisional Financing Uses budget. This funding will be used to offset future year costs under the waiver.
- **Voting System Assessment Project (VSAP)** - Reflects \$3.2 million in one-time funding for the Registrar-Recorder/County Clerk to develop, refine and model a prototype voting device to reengineer the in-person voting experience in the County.
- **Los Angeles Regional Interoperable Communication System (LA-RICS)** - Reflects \$9.3 million in carryover of unspent project funding to be used for future years.

Use of Additional Fund Balance

We are recommending that a portion of the uncommitted additional fund balance in the amount of \$154.9 million be earmarked for the following projects and programs.

- **Capital Projects** - Reflects \$77.3 million for capital improvements to fund a variety of capital projects that include the following:
 - **Capital Projects** - \$ 41.8 million to fund various high-priority capital projects.
 - **Extraordinary Maintenance** - Reflects \$35.5 million to address various deferred maintenance needs at County facilities throughout the County, including improvements to heating, ventilation, and air conditioning systems at Public Health Centers.

- **Increase County Reserves** - During the height of the Great Recession, one of our principle strategies to deal with budget gaps was to judiciously use reserves and capital program funding built up over the last decade. In keeping with Board budget policy, we are recommending that a portion of the FY 2013-14 Additional Fund Balance be used to replenish and supplement the County's Rainy Day Fund by \$24.3 million. In addition, we are recommending that \$34.1 million be placed in the Provisional Financing Uses (PFU) for budgetary uncertainties. Given the future challenges facing the County, this is a very fiscally prudent action.
- **Comprehensive Diversion Program** - Reflects the set aside of \$20.0 million in one-time funding for the implementation of a coordinated and comprehensive diversion program for services to individuals with mental illness who are arrested or currently in the County jail system and about to be released. At this time, General Fund dollars are being set aside in the PFU budget unit as we continue to explore other outside revenue sources to fund this program.
- **Information Technology Infrastructure (ITF) Funding** - Makes available \$5.0 million in one-time funding to the ITF special revenue fund for ITF projects (\$3.0 million), and funding to refresh departmental personal computers (\$2.0 million).
- **Productivity Investment Fund** - Reflects \$2.5 million in one-time funding to enable the Quality and Productivity Commission to continue making efficiency grants and loans issued to County departments.
- **Public Library Books and Materials** - Provides \$2.0 million in one-time funding for the Public Library to purchase books and materials in the unincorporated areas.

Recent Budget Developments

Since the Board adopted the FY 2014-15 County Budget in June, a number of developments have transpired that we believe should be incorporated into the FY 2014-15 Final Adopted Budget. Outlined below are the material changes that we are recommending to the Board.

Revenue Changes

- **Property Taxes** - Reflects a \$66.4 million increase in property taxes from the 2014-15 Adopted Budget. This change is based upon the Assessor's 2014 Assessment Roll that reflects a 5.47 percent increase in assessed valuation (\$22.8 million), along with increases based on updated collection data through the end of FY 2013-14 (\$8.6 million), and an expected increase of \$35.0 million in residual property taxes from the dissolution of Community Redevelopment Agencies (CRA).

- **Sales Taxes** - Reflects a \$14.8 million increase in 1991 Realignment Sales tax (\$10.0 million) and Public Safety Sales Tax (\$4.8 million) for the County. This increase is based upon updated collections through the end of FY 2013-14.

Program Changes

- **Unincorporated Patrol** - Sets aside \$12.4 million in funding (\$12.0 million in ongoing funding) in the Provisional Financing Uses budget unit to restore curtailments during the Great Recession to the Sheriff's budget. This adjustment provides funding to support 67.0 positions and will help reduce response times, increase directed patrols, improve officer safety, and address community concerns regarding lack of visibility in the unincorporated areas.
- **County Jails Mental Health Needs** - Reflects \$10.0 million in ongoing funding, and \$10 million in one-time funding, for a total of \$20.0 million to be set aside in the PFU budget unit for mental health issues at County jails. On June 4, 2014, the Department of Justice (DOJ) issued a report outlining fifty-three (53) recommendations that pertain to mental health services and suicide prevention issues in the County jail system. The Sheriff and Department of Mental Health have developed action plans and identified priorities, some of which require additional funding and staff to fully comply with certain recommendations. This change letter recommends that an initial \$20.0 million be set aside in the PFU budget unit to address the DOJ recommendations pending negotiations with DOJ and Board approval.
- **Custody Population Management** - Provides \$1.1 million in funding to the Sheriff's Department to establish a custody Population Management Bureau (PMB) that would be responsible for identifying and screening inmates for various diversion programs, locating alternative custody programs, and analyzing outcomes to ensure a reduction in recidivism. This adjustment adds 7.0 budgeted positions and will be the basis for a new analysis team that will formally collect data and conduct relevant research for each inmate program.
- **Enhanced Unincorporated Area Services** - Provides \$9.1 million in additional funding for enhanced services in the unincorporated areas. During the deliberations of the FY 2014-15 County budget, the Board ordered the Chief Executive Officer to replace \$19.7 million of utility use taxes (UUT) that were funding services in the Department of Health Services budget and to adjust the UUT budget amount to reflect actual revenues, which lowers the UUT budget by \$10.6 million. Since the County has a maintenance of effort requirement with the State for local healthcare funding, the overall net County cost (NCC) impact of this adjustment is \$19.7 million.
- **Citizens' Commission on Jail Violence (CCJV)** - Supplements the CCJV appropriation for the Sheriff's Department by providing funding for

19.0 administrative and clerical positions in the Custody budget unit. These new positions will assume the administrative work in the jails, thereby, allowing deputies and custody assistants to be assigned to direct inmate supervision duties as outlined in CCJV Recommendation 4.11.

Revenue Offset Funding

The following recommendations are for major program changes to the Adopted Budget where appropriation increases or decreases are offset by a variety of revenue sources and result in no increase in NCC.

- **Mental Health Services Act (MHSA)** - Reflects a \$25.2 million increase in funding for the continued provision of services in accordance with approved MHSA plans, including: a collaborative health survey project; additional positions to bring in-house fiscal intermediary services that were formerly contracted to outside providers; increased contract services to alleviate psychiatric emergency service crowding; establish Cal-MediConnect behavioral health care coordination teams; increase staff to monitor MHSA implementation and outcome results; increased wellness center services; staff to monitor compliance with jail and pharmacy-affiliation agreements; and expansion of contractor-provided field capable clinical services. These changes are fully funded by MHSA and matching federal Medi-Cal revenue and add 13.0 budgeted positions.
- **Subsidized Employment for Foster Youth and Independent Living Program (ILP) Participants** - Adds \$1.5 million in both appropriation and revenue to the Department of Public Social Services' Administrative budget to provide subsidized employment services to 500 Foster Youth, and 85 ILP participants. These adjustments support the County's self-sufficiency initiative.
- **Family Stabilization** - Reflects an additional 15.0 positions and \$3.0 million in funding for the Department of Mental Health for family stabilization program navigators and family stabilization program services for children (intensive case management and services to address crisis situations and needs); and for expansion of CalWORKS programming in the Antelope and San Gabriel Valleys. This increase is fully funded from increased CalWORKs revenue allocated in the State budget related to Assembly Bill 74.
- **Public Health Programs** - Reflects an overall appropriation and revenue increase of \$4.5 million from the First 5 LA - Los Angeles Mommy & Baby (LAMB) Project and Drug Medi-Cal for various programs and services. This is partially offset by a reduction in Measure B revenue. There is no impact to NCC.
- **Energy Efficiency Programs** - Reflects \$11.4 million in net appropriation and revenues to fund a variety of energy efficiency projects in the County's Utility budget.

- **Public Safety Realignment (AB 109)** - The FY 2014-15 Supplemental Budget reflects a modest Public Safety Realignment funding reallocation between the County departments providing custody, supervision, and rehabilitation/treatment/support services to the AB 109 population. The County will be tapping into the AB 109 Reserve to pilot alternative custody programs designed to reduce recidivism. The Reserve will also be used to maintain service levels as counties transition to a long-term Statewide AB 109 funding formula. The overall AB 109 budget is \$337.8 million for FY 2014-15.

Ministerial Changes

The following changes reflect transfers between budget units, or the redirection of existing appropriation and revenues within a budget unit, and generally have no net effect on appropriation.

- **Consolidated Correctional Treatment Facility (CCTF)** - Reflects an increase in staffing for the Sheriff's Department (10.0 budgeted positions), and the Departments of Mental Health (2.0 budgeted positions) and Public Health (3.0 budgeted positions). The staffing increase is necessary in the planning and design of the CCTF to ensure operational needs are incorporated in the design of the new County jail. The costs are fully offset with project funding.
- **Assessor Legacy System Replacement Project** - Transfers \$12.8 million from obligated fund balance committed for Assessor tax system to the Assessor's operating budget for costs associated with its legacy system replacement project.
- **Office of Inspector General (OIG)** - Transfers \$7.5 million (\$5.0 million ongoing and \$2.5 million in one-time funding) from the Provisional Financing Uses budget unit to the Board of Supervisors to fund the activities of the OIG.
- **Capital Projects/Project and Facility Development Fund** - Transfers funding between various projects and funds to cover cost increases or address changed priorities, which have no effect on overall appropriation.

Department of Health Services

The DHS Supplemental Budget is fully funded with available resources. The recommendations reflect a net decrease of \$35,000 in NCC, primarily attributable to a net decrease of \$2.5 million in NCC transferred to the capital projects budget unit, offset by an increase of \$2.0 million in NCC for General Relief (GR) Disability Assessment Teams and \$0.5 million for carryover homeless supportive housing from the Second District's Homeless Prevention Initiative funds.

The Supplemental Changes recommendations also reflect the following highlights.

- A net decrease of 103.0 positions and funding of \$10.9 million for the Ambulatory Care Network portion of the standardized nurse staffing plan.
- An increase of 45.0 positions and funding of \$4.1 million for teams to perform disability assessments for GR applicants/participants partially offset by \$2.0 million in general fund carryover fund balance savings from DPSS.
- An increase of 10.0 positions and funding of \$1.6 million to establish the Star Clinic to provide medical care to homeless and formerly homeless DHS patients on the ground floor of the 100-unit supportive housing Star Apartments in the Skid Row neighborhood.
- A zero net increase of 33.0 positions, fully offset by the decrease of 33.0 vacant, budgeted positions, for discharge planning.
- An increase of \$6.0 million to increase the program budget of the My Health Los Angeles (LA) program to \$61.0 million to allow for increased monthly grant payments to the Community Partners.

Consistent with Board policy, \$3.9 million of unspent tobacco settlement funding from FY 2013-14 was set aside as obligated fund balance Committed for Health Services Tobacco Settlement in the County General Fund. The unspent funds were \$0.5 million related to Community Partner program funds and \$3.4 million for the LAC+USC Replacement Facility transition and post occupancy capital projects. Unspent funds for the post occupancy capital projects will be carried over to FY 2014-15.

As part of the FY 2013-14 book closing, DHS identified a \$192.0 million surplus, which was set aside as obligated fund balance Committed for DHS in the Hospital Enterprise Fund. The Supplemental Budget does not recommend the use of these funds and they will remain in reserve for DHS operations in the future.

On July 1, 2014, by motion of Supervisor Antonovich (Board Agenda Item S-2 of July 1, 2014), the Board directed the CEO, in conjunction with the Director of DHS and the Auditor-Controller (A-C), to report back to the Board with a recommendation to move a portion of DHS' one-time surplus funds to obligated fund balance Committed for DHS Operations in the Supplemental Budget. DHS is still evaluating the federal and State requirements related to the recognition of these funds. We will continue to work with DHS and the A-C to determine the portion of these funds that could be moved to the reserve account as part of the CEO's first mid-year budget adjustment in FY 2014-15. In the meantime, the funds will remain in DHS' obligated fund balance Committed for DHS in the Hospital Enterprise Fund.

SPECIAL FUNDS - SPECIAL DISTRICTS

Services and programs provided by Special Funds and Special Districts are generally financed by sources other than the General Fund. Revenue resources include State and federal subventions, property taxes, fines and forfeitures, fees and operating revenues. Below are the significant changes we are recommending to the Board.

- **Fire Department** - Transfers \$9.3 million from the district's appropriation for contingency to the district's obligated fund balanced committed for infrastructure growth and provides for a variety of changes in appropriation and revenue in the Fire District's operating budget.
- **Department of Public Works' Flood Control District** - Transfers \$61.4 million from the district's appropriation for contingency to obligated fund balance committed for sediment removal projects and provides for a variety of changes in appropriation and revenue in the district's operating budget.
- **Department of Public Works' Road Fund** - Transfers \$69.2 million from the fund's appropriation for contingency to its services and supplies appropriation (\$32.8 million) and its infrastructure appropriation (\$36.4 million), and provides for a variety of changes in appropriation and revenue in the district's operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Supervisor Molina currently serves as a member of the Board of Directors of the LA Plaza Foundation. The Directors of the Foundation do not benefit financially from serving in this position. As the Foundation's primary purpose is to support the Board in the rehabilitation and development of the El Pueblo properties, County Counsel has advised that the conflict of interest laws would not preclude the County from entering into this funding agreement with the Foundation. Further, the laws would not limit Supervisor Molina's ability to participate in the County's discussion or decisions regarding the funding agreement provided her affiliation with the Foundation is noted in the official record at the time of any decision.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of these recommendations will allow the Board to.

- Realign and appropriate funding based upon the necessary accounting adjustments between the estimates contained in the FY 2014-15 Adopted Budget and actual operating results of FY 2013-14.

- Provide sufficient appropriation to implement programs or changes due to refined revenue projections and identified needs.
- Make miscellaneous adjustments to various funds.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:SK:SK
MM:SW:CF:yjf

Attachment

c: All Department Heads

Supplemental Budget Request Board Letter 2014-15.docx